



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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Legislative Fiscal Analyst  
CLAYTON SCHENCK

DATE: November 27, 2007

TO: Legislative Finance Committee

FROM: Lois Steinbeck  
Senior Fiscal Analyst

RE: Federal Medicaid Match Rate – FY 2009 General Fund Pressure Point

The FY 2009 federal Medicaid match rate will be lower than estimated during the 2007 legislative session and will raise state costs by about \$2 million in FY 2009.<sup>1</sup>

The Medicaid match rate affects services other than Medicaid including the Children's Health Insurance Program and some foster care services. The state match rate increased to 31.76 percent from the budgeted rate of 31.49 percent. Each 1 percent change in the state Medicaid match rate raises or lowers state costs by about \$7.5 million.

The state Medicaid match rate is based on a formula that compares changes in a state's per capita income to changes in national per capita income based on a three year time span. Montana per capita income has performed better than the national per capita income recently, so the state match rate is increasing.

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<sup>1</sup> Scott Sim, Chief, Budget and Program Analysis Bureau, Director's Office, Department of Public Health and Human Services, e-mail, November 7, 2007.